

*Encourages FEMA to Fully Forgive Loans, Move Quickly with Forgiveness*  
January 15, 2010

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**"Since the start of the Community Disaster Loan program in 1976, almost all loans - 97% of funding - have been forgiven, so that communities could focus on rebuilding and not on repaying the federal government. I urge FEMA to use the same common sense in forgiving Katrina and Rita loans that they showed in cancelling loans after Hurricane Andrew, the September 11th terrorist attacks, and other major disasters over the past four decades. Furthermore, the Gulf Coast has already waited four and half years for action, and I will push FEMA to move quickly in forgiving eligible loans so these communities can move forward and plan for the future."**

Congressman Melancon has led efforts to encourage the Federal Emergency Management Agency (FEMA) to make Katrina and Rita Community Disaster Loan forgiveness a top priority. In October, Congressman Melancon [wrote a letter](#), signed by the entire Louisiana delegation, urging FEMA to finalize regulations for loan forgiveness so disaster-stricken parish governments and local entities would have more financial certainty as they continue rebuilding.

Since the 2005 storms, Rep. Melancon has worked in Congress to reduce the financial burden on local governments and public entities in south Louisiana that are still struggling to recover. In 2007, he worked with the Louisiana delegation and Congressional leadership to pass legislation allowing federal Community Disaster Loans (CDLs) to be forgiven for Katrina- and Rita-affected communities that could not afford to repay them. This language was included in the [2007 Emergency Supplemental Appropriations Act](#).

After Hurricanes Katrina and Rita, \$1 billion in CDLs were provided by the federal government to hurricane-affected local governments in Louisiana to help them continue funding daily operations, such as payroll for law enforcement and emergency responders. Many local governments in south Louisiana still do not have the resources to repay this massive debt, as their tax bases were devastated by the storms. With the passage of the 2007 Supplemental, FEMA was given the discretionary authority to forgive Katrina and Rita CDLs, paving the way for a huge financial burden to be lifted for local governments in south Louisiana.

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